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S E C R E T RANGOON 000334

SIPDIS

STATE FOR EAP/BCLTV, EB/ESC/TFS, EB/EPPD, S/CT, IO/PSC
TREASURY FOR OASIA, OFAC
USPACOM FOR FPA

E.O. 12958: DECL: 03/16/2015

TAGS: [EFIN](#) [PTER](#) [ETTC](#) [KTFN](#) [BM](#)

SUBJECT: FIGHTING TERRORIST FINANCING IN BURMA

REF: A. STATE 32688

[B](#). 04 RANGOON 384 (NOTAL)

[C](#). 04 RANGOON 305

[D](#). 03 RANGOON 859

Classified By: COM CARMEN MARTINEZ FOR REASONS 1.4 (B,D)

[1](#). (S) The following responds to the questions posed in reftel regarding the GOB's efforts to combat terrorist financing:

(A) The GOB has not seized, frozen, or forfeited any assets under UN Security Council Resolutions 1267 or 1373. However, the GOB issued its required UNSC Resolution 1455 report in May 2004 and outlined the legal framework in place to protect against, and punish, terrorist financing and money laundering in Burma.

(B) Though the GOB has been generally cooperative on counter-terrorism initiatives, bilateral relations remain very tenuous. Contacting GOB officials and getting their expeditious assistance on, or a senior-level commitment to, any matter can be difficult. In addition, the embassy's primary liaison to the GOB on terrorism issues -- the former PM Khin Nyunt's Military Intelligence -- was dismantled in October 2004, and neither its successor organization nor other GOB entities have assumed these liaison responsibilities.

(C) Due to U.S. law and policy, the USG may not offer any direct or indirect assistance to the GOB. GOB officials tasked with combating terrorist financing, money laundering, and financial crimes have a very low-level of technical ability and have requested USG capacity building in the past. There is a precedent set with the DEA providing limited information exchange on technical issues with Burmese counternarcotics police. These efforts have proven quite successful in expanding local skills and cooperation with U.S. policy objectives.

(D) "Low." Due to an undeveloped banking sector and tight government controls on foreign trade and possession of foreign currency, Burma has a very large and active informal financial sector, including a vast "hundi" network (refs C and D). It is thus a potential marketplace for terrorist financing and money laundering in general. However, while money laundering is rampant, we have seen no evidence that any terrorist groups are using Burma's informal financial sector for raising or banking funds.
Martinez